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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 394

HESMER FOODS, INC.,
Petitioner,

v.

CAMPBELL SOUP COMPANY,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

BRIEF FOR RESPONDENT IN OPPOSITION.

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THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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OPINIONS BELOW.

The opinion of the court of appeals is reported at 346 F. 2d 356 (Pet. App. B. 10-16). The district court wrote no opinion.

JURISDICTION.

The judgment of the court of appeals affirming the judgment of the district court was entered on May 27, 1965 (Pet. App. B. 17). The petition for a writ of certiorari was filed July 26, 1965. Jurisdiction of this court is invoked under 28 U. S. C. § 1254(1).

QUESTIONS PRESENTED.

The petitioner's statement of four questions (Pet. 2) seeks to present issues not presented by the record. The only question presented by the record is whether evidence sufficient to create a prima facie case on any theory was introduced. Petitioner's statement that four questions are presented is erroneous for the following reasons:

1. Whether "one must prove diversion of his trade to prove a prima facie case" under Section 43(a) of the Lanham Trademark Act (60 Stat. 441 (1946); 15 U. S. C. § 1125(a)) (Pet. 2), is not an issue here. The court of appeals did not hold that such diversion is necessary. Consistent with other circuits the court of appeals did hold that to establish a prima facie case for equitable relief a plaintiff need only show likelihood of consumer deception and competitive injury, but to establish a right to damages a plaintiff must show actual consumer deception and some amount of actual damages (This Brief pp. 6-9; 346 F. 2d 356, 359; Pet. App. B. 16).

2. Whether "unfair competition is always a question of fact" (Pet. 2) is not an issue here. The court of appeals did not hold that unfair competition is not a question of fact, but merely that considering all the evidence, including circumstantial evidence, in the light most favorable to the petitioner, reasonable minds could not differ and there was nothing to be presented to the jury (This Brief p. 9).

3. Whether a prima facie case under Section 43(a) "can be made by circumstantial evidence" (Pet. 2) was not an issue below and is not an issue here. The court of appeals merely held the circumstantial evidence introduced was insufficient to create a fact question for the jury (This Brief p. 10).

4. Whether the use of "fine print" by a trader can avoid the letter and spirit of Section 43(a) (Pet. 2) is

also not involved since the court of appeals merely held that respondent had made no misrepresentation and did not, as the petitioner suggests, excuse a misrepresentation by reason of fine print (This Brief p. 11).

STATUTE INVOLVED.

The statute involved is Section 43(a) of the Lanham Trademark Act (60 Stat. 441 (1946); 15 U. S. C. § 1125(a); Pet. App. A. 9).

STATEMENT.

The statement of the case by petitioner fails to state the facts of the controversy (Pet. 3).

Petitioner's primary claim below was that its federal trademark, "Beanee Barbecue", was infringed by respondent's marketing of its product, "Campbell's Barbecue Beans." It also claimed that respondent in marketing its product had imitated petitioner's trade symbols. Respondent's product, "Campbell's Barbecue Beans," was at all times packaged in Campbell's famous, old, nationally distributed and advertised red and white label with the Campbell name in script (P. R. 383-84, 622; Pl. Exs. 103-109, D. R. 2-8, P. R. 306; Pl. Exs. 111-113, P. R. 695-97, 311-12; Pl. Exs. 122-125, D. R. 9-12, P. R. 644-45).* The evidence showed such total dissimilarity in labels and trade symbols that petitioner's president testified that he knew of no person who had ever been confused as to the source or origin of respondent's product, did not believe there was one, and in fact no one but a blind person could possibly be confused as to the source of respondent's product (P. R. 393-396). The stipulated evidence also established that many other food processors throughout the

* The abbreviation "P. R." refers to plaintiff-appellant's appendix as filed in the court of appeals. The abbreviation "D. R." refers to defendant-appellee's appendix filed in the court of ap-

United States were using the words "barbecue beans" to describe comparable products, some of which were on the market prior to Hesmer's Beanee Barbecue (Df. Exs. 1, 4, 6a, 6b, 9-11, 14-17, 19, 20, 100q, 100u, 100v, 100z, D. R. 13-25, 34, 37-38, 41, P. R. 466, 479, 486-508). On such a record, the district court and the court of appeals determined that viewed most favorably to plaintiff the evidence was insufficient to create a jury question on the claims of trademark infringement and common law unfair competition by imitation of trade symbols.

Petitioner also claimed below that respondent misrepresented its product, Campbell's Barbecue Beans, and thereby diverted trade from the petitioner's Beanee Barbecue. The primary claimed misrepresentations were that respondent's label by reason of the use of the word "barbecue" necessarily implies that there is meat in respondent's product and that it has been subjected to an open fire cooking process. The evidence showed that petitioner itself had three barbecue products on the market, named Hesmer's Bar-B-Q Chips, Hesmer's Barbecue Dip, and Hesmer's Barbecue Baste, none of which were subjected to an open fire cooking process and none of which contained meat (P. R. 162-65, 425-28, 431, 433-34; Df. Exs. 100k, 100m, 100t, D. R. 29, 30, 36, P. R. 427, 435). Petitioner's evidence was also that 91.6% of Beanee Barbecue was not meat and not cooked over an open fire (P. R. 404-05, 409). Petitioner offered no evidence that anyone in the industry followed its definition in practice. In fact, the stipulated evidence was all to the contrary. The stipulated evidence was that there are many meatless or essentially meatless products called barbecue beans comparable to Campbell's Barbecue Beans on the market throughout the United States, some of which were on the market before Hesmer's Beanee Barbecue (Df. Exs. 1, 4, 6a, 6b, 9-11, 14-17, 19, 20, 100q, 100u, 100v, 100z, D. R. 13-25, 34, 37-38, 41, P. R. 466, 479, 486-508).

Petitioner also failed to introduce any evidence on the essential element of deception of the public. No evidence in the record tends to show that any customers have been or would likely be misled by the alleged misrepresentations of respondent. Finally petitioner failed to introduce any evidence of competitive injury or likelihood of such injury arising out of a misrepresentation made by respondent about its Campbell's Barbecue Beans. In fact, petitioner's own sales figures show a sharp increase in sales of petitioner's product after respondent's introduction of its product despite the fact that petitioner's retail price was 19-20 cents more per can than respondent's (P. R. 108-09, 538-43, 622). Petitioner's president explained that respondent had advertised its product heavily and that such advertising benefited others selling competitive products (P. R. 542-43). On such a record, the district court and court of appeals held that no jury question was presented on the misrepresentations claims.

ARGUMENT.

A. The Decision of the Court of Appeals Is Not in Conflict With the Decision of Another Court of Appeals.

No conflict exists between the decision of the court of appeals in this case and the *per curiam* affirmance by the District of Columbia Circuit in *S. C. Johnson & Son, Inc.* v. *Gold Seal Co.*, 230 F. 2d 832 (D. C. Cir. 1956), affirming 129 F. Supp. 928 (D. D. C. 1955). Petitioner's argument that such a conflict exists is based upon the erroneous assumption that the courts have adopted different interpretations of Section 43(a) (60 Stat. 441 (1946); 15 U. S. C. § 1125(a)).

The asserted difference apparently relates to whether under Section 43(a) "one must prove diversion of his trade in order to prove a prima facie case" (Pet. 2). In neither of the decisions in question did the courts require any such proof for a prima facie case. Both decisions hold that a plaintiff may establish his right to equitable relief by showing a likelihood of consumer deception and competitive injury. To establish a right to damages both decisions require actual consumer deception and some amount of actual damages. The court of appeals in this case stated:

> "Consumer deception is an integral part of a claim under Section 1125(a), 15 U. S. C. To establish a right to damages, actual deception must be shown. To obtain equitable relief, only a likelihood of consumer deception need be shown.
>
> "Due to the separation of issues in this case, Hesmer, in order to establish a prima facie case, was not required to introduce eveidence as to the amount of

its damages, but *it was required to show some likelihood of competitive injury arising from a false representation made by Campbell in marketing its product.* This is has not done.

"If plaintiff had shown that a diversion of its trade was caused by misrepresentation by Campbell in marketing its product, we would have a different situation before us. * * *" (346 F. 2d 356, 359, Pet. App. B. 16; emphasis supplied.)

Strikingly, similar observations were made by the district court in the *Gold Seal* case. The district court stated:

"In this respect Section 43(a) does create a federal statutory tort, *sui generis,* and to this extent Johnson * * * need not prove actual diversion of trade (palming off, so to speak) * * *.

"* * * We are equally satisfied, however, that Johnson has failed to prove that it is entitled to relief in the form of injunction, profits, damages or costs. *It has not established that as a competitor it is or is likely to be damaged by any false description or representation.* It has not shown damage or likelihood of damage due to the fact that any substantial number of reasonable customers were misled or likely to be misled as to the nature of the product, they having understood the mark to designate the ingredients, buying the product for its wax content rather than for its effectiveness as a cleaner; or that if they had known the true facts, they most likely would have purchased a different product, whether that of Johnson or some other competitor. * * *

"* * * *Suffice it to say Johnson's attempt to analogize Section 43(a) to a libel action, making proof of actual damages unnecessary, is totally without support in law or reason. Pecuniary recovery must be individualized, loss of sales must be shown.* Section 43(a) was to promote fair business dealings. It was not to provide a windfall to an overly eager competitor." (129 F. Supp. 928, 940; Pet. App. C. 24-26; emphasis supplied.)

The court of appeals in the instant case did not require the petitioner to show that the respondent had "palmed off" its product as petitioner's. The opinion of the court does not mention any such requirement. In fact the respondent in the court of appeals expressly conceded that Section 43(a) (60 Stat. 441 (1946); 15 U. S. C. § 1125(a)) did not require a plaintiff to establish "palming off." The respondent's brief in the court of appeals stated:

> "Appellee did not urge below and does not urge here that Hesmer must, as a part of its prima facie case under Section 1125(a), introduce evidence that customers in purchasing Campbell's product are led to believe that Campbell's product has the same source as Hesmer's product." (p. 42.)

The statement of the court of appeals that if petitioner had shown that "a diversion of its trade was caused by misrepresentation by Campbell in marketing its product" a different situation would be presented, (346 F. 2d 356, 359; Pet. App. B. 16) cannot be fairly construed to require the plaintiff to establish "palming off" especially since such issue was expressly conceded. The statement merely suggests that different facts would have presented a different question. Thus, no basis exists for any contention that this case conflicts with the rule stated in *Gold Seal* that "palming off" is not required under Section 43(a) of the Lanham Trademark Act.

No conflict whatsoever exists between this case and the *Gold Seal* case. Moreover, both decisions are in accord with each other and with established precedents. *Parkway Baking Co. Inc.* v. *Freihofer Baking Co.*, 255 F. 2d 641, 648-49 (3d Cir. 1958); *Norwich Pharmacal Co.* v. *Hoffmann-LaRoche, Inc.*, 180 F. Supp. 222, 225-26 (D. N. J. 1960); *Marshall* v. *Procter & Gamble Mfg. Co.*, 170 F. Supp. 828, 834-35 (D. Md. 1959).

The suggestion of the petitioner that *L'Aiglon Apparel,*

Inc. v. *Lana Lobel, Inc.*, 214 F. 2d 649, 650-51 (3d Cir. 1954), may hold that "actual diversion" is not necessary to a prima facie case (Pet. 4) is immaterial since the court of appeals in the instant case did not require "actual diversion" for a prima facie case. In fact, the decision in *L'Aiglon* holds only that a complaint which alleges that some trade was diverted from plaintiff by defendant's misrepresentation of its own goods states a claim for relief under Section 43(a). Thus, contrary to petitioner's suggestion *L'Aiglon* does not hold that actual diversion of plaintiff's trade is unnecessary and does not involve any conflict with the decision below.

Petitioner's first reason for granting certiorari involves no more than a hollow and vague contention that the decision of the court of appeals is inconsistent with some language in a district court decision. The asserted conflict does not exist in substance and the decision of the court of appeals follows without deviation settled judicial precedent.

B. No Substantial Question Concerning the Indiana Law of Unfair Competition Is Presented.

The decision of the court of appeals in this case does not conflict with the principle that unfair competition under the law of Indiana is a question of fact (Pet. 5-6). The court of appeals in this case decided only that the petitioner had failed to produce sufficient evidence to create any question for the jury to decide. The issue presented at most is whether upon the particular facts in this case a prima facie case of unfair competition was made under the common law of one state. Such an issue is of no substantial significance, presents no novel question, and has been correctly decided below.

C. No Circumstantial Evidence Question Is Presented.

The court of appeals did not, as petitioner apparently asserts (Pet. 2, 6), disregard circumstantial evidence. The court merely held that all the evidence, including the circumstantial, was not sufficient to create a prima facie case on any theory.

The claimed disregard of circumstantial evidence apparently relates to the court's statement that the plaintiff had not shown that "a diversion of its trade was caused by misrepresentation by Campbell in marketing its product" (Pet. 6; 346 F. 2d 356, 359). Petitioner argues that its evidence of loss of sales after the introduction of defendant's product demonstrates that the court's observation was incorrect (Pet. 6). Contrary to petitioner's thesis, the court of appeals recognized that there was some evidence of loss of sales:

> "Plaintiff did make proof of a loss of sales in its 'Beanee Barbecue' after defendant's product was on the market." (346 F. 2d 356, 358; Pet. App. B. 14.)

The court of appeals, viewing the evidence in the light most favorable to the petitioner (and disregarding petitioner's own sales figures to the contrary) held there was evidence of loss of sales, but held that there was no evidence tending to indicate that such loss was the proximate result of any wrong committed by the respondent.

There is no substantial or significant circumstantial evidence question presented in this case. This case involves only a question of the sufficiency of all the evidence to create a question for the jury. Such a question is routine and depends upon particular facts.

D. The Decision of the Court of Appeals Does Not Sanction the Use of Fine Print to Avoid Section 43(a).

Petitioner erroneously claims that the court of appeals sanctioned the use of fine print to avoid the spirit of Section 43(a) of the Lanham Trademark Act (Pet. 2).

The court of appeals, in stating the facts, noted that:

> "* * * On every label of defendant's 'Barbecue Beans' there is a statement of the contents of the can which appears in *readable print.* This statement purports to contain a list of the ingredients and, of course, there is no mention of any meat stock. The label also states 'Here's a special treat from Campbell's—three kinds of beans simmered in mild barbecue sauce . . .' On another portion of the label *in still larger type printed in red on a light background* appears '3 Kinds of Beans in Mild Barbecue Sauce.' " (346 F. 2d 356, 358; Pet. App. B. 14; emphasis supplied.)

Thus, the only pertinent portion of the decision does not sanction fine print to avoid the statute.

Petitioner's fine print contention apparently rests on hearsay conclusions expressed in certain complaint letters addressed to the respondent. The first, which is the only one to mention fine print, is from a person who intended to buy Campbell's Pork & Beans and had bought Campbell's Barbecue Beans (Pl. Ex. 49, P. R. 631-32). The second complains that the cans contained "mush" and not beans (Pl. Ex. 47, P. R. 630-31), the third that the product was only "Beans with tomato sauce" and not your "new beans" (Pl. Ex. 48, P. R. 631), the fourth that one can of two purchased was not correctly labeled (Pl. Ex. 50, P. R. 632-33), and fifth that the can labeled barbecue beans was "plain baked beans." (Pl. Ex. 52, P. R. 635-36.) These complaints involve no more than an infrequent purchase of a can with the wrong label on it.

The court of appeals determined only that upon the facts presented by the record in this case, petitioner had failed to make a prima facie case under Section 43(a). In arriving at its conclusion, the court of appeals did not sanction any fine print avoidance of the spirit of the statute.

CONCLUSION.

The decision of the court below is correct, in accordance with settled judicial precedent, involves no conflict with any other decision, and presents no substantial, novel, or important issue meriting review by this Court.

The petition for writ of certiorari should be denied.

Respectfully submitted,

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